



# State of Wisconsin • DEPARTMENT OF REVENUE

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**Jim Doyle**  
Governor

**Roger M. Ervin**  
Secretary of Revenue

Senate Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue  
Hearing, August 18, 2009

## **SB 215 – Regarding a Personal Property Tax Exemption for Snowmobile Clubs (Senator Holperin)**

### Description of Current Law and Proposed Change

Under current law, personal property owned by any snowmobile club is generally subject to property taxation.

Under the bill, personal property owned by a snowmobile club exempt from taxation under Section 501 (c) (3) of the Internal Revenue Code would be exempt from property taxes, effective for the property tax assessments as of January 1, 2009.

### The Department of Revenue has submitted the following technical comments to the author

Scope of Property Affected. In the absence of more exact terms, the proposed exemption could apply to a wide array of personal property, including items with only a limited connection to snowmobiling. If the bill is intended to create a targeted exemption for the personal property of snowmobile clubs, the bill could be amended so that it applies to personal property owned by a qualifying non-profit snowmobile club that is used exclusively for snowmobiling.

Statutory Placement of Exemption. The proposed exemption is placed under s. 70.11, which generally applies to exemption from taxation for real property. DOR suggests that the proposed exemption be placed under s. 70.111, which generally applies to exemptions from taxation for personal property.

Internal Revenue Code Section. The exemption would apply to snowmobile clubs exempt from taxation under section 501 (c) (3) of the Internal Revenue Code. This section of the Code generally applies to non-profit organizations operated exclusively for religious, charitable, scientific, public safety testing, literary, or educational purposes; to foster national or international amateur sports competition, or for the prevention of cruelty to animals. Although a few snowmobile clubs may qualify for exemption under section 501 (c) (3), most of these clubs are probably exempt from taxation under section 501 (c) (7) of the Internal Revenue Code, which applies to non-profit clubs organized for pleasure, recreation, and other nonprofitable purposes.

Effective Date. This bill first applies to January 1, 2009 assessments. The proposed exemption, however, comes too late in the process to be accurately reflected on the 2009 assessment rolls. To avoid conflicts with existing 2009 assessments, DOR recommends that the proposal be effective for property tax assessments as of January 1, 2010.

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